

Exhibit 10

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

IN RE APPLICATION NO. 99-1

SUMAS ENERGY 2 GENERATION
FACILITY

STIPULATION AND SETTLEMENT
AGREEMENT BETWEEN
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
AND SUMAS ENERGY 2

Sumas Energy 2, Inc. (SE2) and the Washington Utilities and Transportation Commission (WUTC) enter into the following Stipulation and Settlement Agreement (the Agreement).

BACKGROUND

The Applicant, SE2, has filed an application with the Washington State Energy Facility Site Evaluation Council (EFSEC) requesting a site certification agreement to allow construction and operation of the proposed Sumas Energy 2 Generation Facility (the Project) in Whatcom County. The WUTC has intervened in these proceedings pursuant to RCW 80.50.030(3). SE2 and the WUTC (the Parties) have entered into this Stipulation and Settlement Agreement (the Agreement) in order to resolve the WUTC's concerns regarding potential adverse impacts the proposed Project may have on the regional transmission grid. The Parties have reached agreement on these issues and wish to present their Agreement to EFSEC for its consideration. The Parties therefore adopt the following Agreement. The Parties enter into this Agreement

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voluntarily to resolve the matters in dispute between them and to expedite the orderly disposition of this proceeding.

AGREEMENT

Now, therefore, the Parties hereby agree as follows:

A. RESOLUTION OF ISSUES IN PENDING PROCEEDING.

1. Transmission Impacts.

The Parties agree that it is both important and appropriate that EFSEC consider all issues raised by an applicant's request for a site certification agreement to allow construction and operation of any power plant, including any potential adverse impacts a proposed project may have on the capacity and reliability of the regional transmission grid.

2. Costs of Transmission Upgrades or Enhancements.

The Parties agree that the documents described in Section C below preliminarily conclude that any transmission upgrades or enhancements necessary to interconnect and transmit SE2 power likely will be minor. The Parties acknowledge that, in the event SE2 contracts for firm service from the Bonneville Power Administration (BPA), SE2 will be required to bear the costs of any necessary transmission upgrades or enhancements, consistent with Federal Energy Regulatory Commission (FERC) and BPA policies and rules. The parties further acknowledge that in the event a purchaser of power from SE2 elects to purchase transmission service from BPA on a firm basis in order to transport power purchased from SE2, the purchaser of power will be required to bear the costs of any necessary transmission upgrades or enhancements, consistent with FERC and BPA policies and rules. On the other hand, if a purchaser of power from SE2 elects to purchase non-firm transmission service in order to transport power purchased from SE2, such service would be provided only if available, therefore no additional costs would be incurred. Consequently, the costs of transmission upgrades and enhancements made necessary by the firm transport of power generated by SE2 would, in all relevant cases, be the responsibility of either

SE2 or of a party that has entered into a transaction to purchase firm transmission service from BPA to transport power from SE2.

3. Appendices.

The following documents are incorporated herein by this reference:

(1) The Summary of Preliminary Load Flow Analysis dated December 2, 1998, and prepared by Black & Veatch LLP addressing transmission capacity from Canada into the United States (Exhibit 155.6);

(2) The SE2 System Impact Study and Summary thereof dated June 1, 2000, and prepared by the Bonneville Power Administration (BPA) (Exhibit 120.1);

(3) The "Questions and Answers" sheet dated July 7, 2000, and prepared by BPA concerning SE2's long term firm BPA transmission request (Exhibit 160.2);

(4) An excerpt from the prefiled Rebuttal Testimony of Mark Schrimp, Project Manager with Black & Veatch LLP in this proceeding (Exhibit 160 at pages 8 and 9).

B. GENERAL PROVISIONS

1. Support of Agreement.

The Parties shall cooperate in submitting this Agreement promptly to EFSEC for acceptance, and shall support adoption of this Agreement in proceedings before EFSEC, through testimony or briefing, as resolution of the issues included within this Agreement. No Party to this Agreement, or its agents, employees, consultants or attorneys will engage in any advocacy contrary to the ^{EFSEC} ~~Commission~~'s adoption of this Agreement as resolution of the issues included within this Agreement. Each Party shall make available a witness or witnesses in support of this Agreement, if a hearing is determined necessary by EFSEC. To the extent that any prefiled testimony of any Party's witness conflicts with the terms of this Agreement, the Parties agree that the terms of this Agreement supersede the recommendation in that Party's testimony.

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2. **Entire Agreement.**

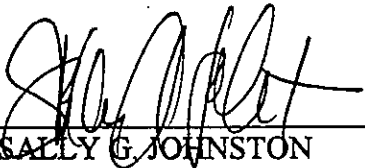
The Parties acknowledge that this Agreement is the product of negotiation and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein.

DATED this 28th day of July, 2000.

PERKINS COIE LLP

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